

BAY STATE GAS COMPANY
DTE-AG-2-1 Schedule 1
PBR RATE INCREASE COVERAGE OF SIR EXPENDITURES
(\$000)

Return Requirement (Incl. Inc Taxes) in Total Revenue Requirement	JES-16	52,021
Assumed PBR Adj., as in Exhibit JAF 2-9	JAF 2-9	<u>1.7%</u>
Implicit Allowance for Rate Base Growth		<u>884</u>
Non-Revenue Producing Plant Additions Excluding Incremental SIR		20,000
Depreciation and Amortization, Excluding Metscan Amortization	JES-16, 8	<u>32,710</u>
Change in Rate Base		(12,710)
Assumed Actual Incremental SIR Expenditures		<u>18,000</u>
Net Change in Rate Base Excluding Revenue Producing Additions		5,290
Pre-Tax Rate of Return	JES-12	<u>13.05%</u>
Revenue Requirement Effect of Net Rate Base Growth, with SIR		<u>690</u>

		<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>Avg.</u>
Total Plant Additions	DGC-7	30,843	28,242	39,908	32,998
Mains	DGC-7	10,883	8,984	14,454	11,440
Services	DGC-7	<u>10,976</u>	<u>10,026</u>	<u>12,381</u>	<u>11,128</u>
Total		21,859	19,010	26,835	22,568
Bare Steel Replacement	AG-17-13	<u>3,836</u>	<u>4,597</u>	<u>6,219</u>	<u>4,884</u>
Net Mains and Services Additions		18,023	14,413	20,616	17,684
Deemed Non-Revenue Producing		12,820	13,829	19,292	15,314
Use					20,000